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Supreme Court of the United States

OCTOBER TERM, A. D. 1923.

No. REDACTED 102

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY,

Petitioner,

vs.

THE FORMICA INSULATION COMPANY,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

DRURY W. COOPER,
JOHN C. KERR,
Attorneys for Petitioner.



IN THE

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OCTOBER TERM, 1923.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY,
Petitioner,

vs.

THE FORMICA INSULATION COMPANY,
Respondent.

No. —————

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

Your petitioner, Westinghouse Electric & Manufacturing Company, respectfully prays for a writ of certiorari to review a decision and decree of the United States Circuit Court of Appeals for the Sixth Circuit in the above-entitled cause, which is a suit for infringement of a patent.

Question Presented.

The question presented for determination is the soundness or unsoundness, as a matter of law, of a decision of the said United States Circuit Court of Appeals for the Sixth Circuit, whose jurisdiction covers a region in which a large amount of patent litigation arises and whose decisions have great weight as precedents in patent cases.

The decision in the case turns upon a point of law about which, the opinion itself says, much confusion exists (Rec., page 274, line 33), to-wit, the estoppel that exists against a patentee-assignor with reference to his own patent. The fact that in almost every patent infringement case that comes before the courts, suit is brought by an assignee and not by the patentee shows the universal importance of settling the confusion by an authoritative declaration of this court. A collateral fact of almost equal importance is, that scarcely a volume of the Federal Reporter issues which lacks an opinion of a District or Appellate Court dealing with the respective rights of patentee and assignee or licensee as affected by the doctrine of estoppel.

The decision in question holds:

(1) By implication at least, that the estoppel which prevents a patentee-assignor from denying the validity of the assigned patent is an estoppel in pais and not an estoppel by deed; and

(2) That even if the assignment of an existing patent may create an estoppel by deed, the doctrine of estoppel by deed does not apply to the assignment of an application for patent.

As to the confusion found by the Court of Appeals on the point of law, we respectfully submit that the discussion and conclusions in its opinion tend to confuse the situation further, rather than to clear it; going contrary to prior decisions of other Federal courts and recognized authorities, and leaving both assignors and assignees of patents and applications in a state of uncertainty as to their rights and obligations. For convenience of reference, we reprint the opinion of the Court of Appeals as an appendix hereto.

Statement of Case.

The patent in suit is No. 1,284,432, for a Process of Making Composite Material, granted November 12, 1918, to petitioner as assignee of an application of Daniel J. O'Conor, filed February 1, 1913. Only claims 11 and 12 are in issue.

The applicant, O'Conor, while in the petitioner's employ, assigned the said application and invention to the petitioner and later left the petitioner's employ and took a leading part in forming and operating the respondent company, which has used the process described in the claims in suit.

The application as executed by O'Conor and as originally filed on February 1, 1913, did not contain claims 11 and 12 in suit, which were introduced by petitioner by amendment dated February 7, 1917, about four years after O'Conor left petitioner's employ.

At the trial in the District Court and at the argument in the Court of Appeals the petitioner contended that O'Conor and the respondent, his privy, were estopped by the deed of assignment to deny the validity of the patent. The District Court

did not pass upon the question, but decided in favor of respondent on the ground that petitioner had been guilty of laches sufficient to bar the maintenance of the suit. The Court of Appeals, however, overruled the defense as to laches, but decided in favor of respondent on the ground that O'Conor, and consequently the respondent, was not estopped to deny the validity of claims 11 and 12 in suit.

The patent relates to a process of making composite material, such as cardboard, particularly for electrical insulation, consisting of layers of paper or other fibrous material coated with an adhesive substance, such as bakelite, which coated layers are then stacked up to the desired thickness and transformed into a hard, compact mass by the application of heat and pressure. All of the claims of the patent, except the claims in suit, relate to a process of making flat sheets of the material by a so-called "two step" process, i. e., subjecting the materials to two separate applications of heat and pressure. Claims 11 and 12 in suit relate to a process of making "non-planiform" articles (i. e., tubes, channel pieces or other shapes); but do not call for the "two step" feature of the other claims.

So far as the present question is concerned, claims 11 and 12 are alike. Claim 11 is as follows:

"11. The process of manufacturing a non-planiform article which consists in superposing a plurality of layers of fibrous material associated with an adhesive substance that is adapted to harden under the influence of heat and pressure into a substantially infusible and insoluble condition, and molding the superposed layers by means of a form of the proper shape while applying pressure and heat to compact and harden the materials."

As stated above, claims 11 and 12 were inserted by the petitioner after O'Conor left its employ. But said claims were based, as was expressly stated in the amendment whereby they were presented to the Patent Office (Rec., page 228, line 1), upon the following statement which has been from first to last in the specification, which, as O'Conor testified (Rec., page 26, line 8), corresponds almost exactly to the specification of the process which he himself wrote:

"While the process above described is that used for making plates, the insulating material may be produced in the form of channel pieces or tubes that are cylindrical or rectangular in cross section or of other shape, as desired, by pressing in forms of the proper shape." (Patent, page 2, lines 9-15.)

The assignment from O'Conor to the petitioner was not put in evidence, as the patent was granted to the petitioner as his assignee; but it may be assumed that the assignment was in the usual form, conveying to the assignee the entire right, title and interest in and to the application, to the invention described therein, and to the patent to be granted thereon.

The Court of Appeals found that claims 11 and 12 were not limited to the "two step" process, as respondent contended they were, and that they were therefore infringed (Rec., page 274); and also found that O'Conor had the right to make the claims (Rec., page 279); but nevertheless held that O'Conor was not estopped to contest their validity. In other words, that though O'Conor had the right to make the claims, the assignee of his

entire right, title and interest in and to his invention had no right to make them.

In reaching this conclusion, the Court of Appeals questioned the soundness of the generally accepted doctrine that the estoppel which forbids a patentee assignor to question the validity of an assigned patent arises by deed. But, without positively deciding that question, the Court did positively decide that the theory of estoppel by deed does not operate against an assignor of an *application* for a patent. The Court said (Rec., page 274, line 27).

"This question justifies an inquiry into the basis of the estoppel enforced against the patentee assignor. The rule itself has become one of general acceptance, but our attention has not been directed to any satisfactory consideration of its basis or theory; and perhaps for this reason there has been much confusion in its application.

Estoppels forbid one to speak the truth, and hence technical estoppels are not favored. Omitting those by record, they are two kinds, by deed and *in pais*. On a somewhat exhaustive search we find no considered opinion holding that the estoppel of a patent grantor arises by deed; nor is there clear reason for such conclusion. An assignment of patent need not be in writing at all, as between the parties; but, if it is, the common form contains no covenants of warranty. It sells and assigns 'all my right, title and interest in and to the said invention and patent.' There is close analogy to a quit-claim; at the most, it may be, the implication is of good title to the grant and not that the grant is good; with real estate, a conveyance

from the sovereign gives good title to the land, and so title to the grant and title to the land are inseparable; not so as to patents, for the grant of the monopoly is always defeasible by third parties, and the title to the grant may be immaterial;—but even if the transfer of an existing grant of monopoly may create an estoppel by deed forbidding the grantor to deny the validity of the grant, this theory is inapplicable to the transfer of the inchoate right suggested by a pending application. By the common form of transfer the grantor in effect says: ‘Here is my device; I do not know whether it is patentable, or if it is, how broadly; take it, prosecute the patent application and get what you can.’ The formulation of the grant may be, and was here, delayed for years after the inventor’s connection with the matter ceased, and the patent may be issued with broad claims which the inventor never made and which he knew were not his invention. Manifestly, as we think, the theory of estoppel by deed is untenable.” (Emphasis ours.)

We respectfully submit that this holding is not only contrary to the generally accepted doctrine and to the prior decisions of the United States courts; but also that it leaves both assignors and assignees of patents and of applications in such a state of uncertainty as to their rights and obligations that in justice to both classes it is highly desirable that the question shall be passed upon and finally decided by this Honorable Court.

The importance of having this question clearly decided one way or the other will, we believe, be

quickly apparent upon considering the common practice under which great numbers of applications for patents are prosecuted. Almost all manufacturing concerns, in order to protect themselves from competitors, make a practice of patenting inventions relating to new machinery, processes and articles developed by their employees or purchased from others. Usually the invention is assigned at the time the application is executed by the inventor; and thereafter the prosecution of the application and the obtaining of the patent rest with the assignee. The inventor has no further direct interest in it and often no further knowledge of it; and it frequently happens, as in the instant case, that the inventor-assignor, if an employee, leaves the employ of the assignee before the patent is granted; or if not an employee, that his whereabouts are unknown to the assignee during the prosecution of the application. The assignee, having acquired the invention and the right to patent it, proceeds to obtain as broad claims to the invention as the Patent Office adjudges him entitled to upon the disclosures of the specification which the inventor-assignor has sworn to.

As the Court knows, few applications are granted by the Patent Office without one or more rejections and consequent amendments of the specifications or claims, or of both. The Patent Office and the courts both recognize the unquestionable right of an applicant or his assignee to alter, limit or enlarge the specifications and claims by amendment without requiring a new oath from the inventor, so long as the amendatory matter falls within the disclosure which the inventor swore to.

Seymour vs. Osborne, 11 Wall, 516, 539;
Walker on Patents, §122;

Michigan Co. vs. Consolidated Co., 67 F.
R., 121, 125.

The situation in the present case, as to the introduction of claims 11 and 12, comes well within the rule thus stated; and if O'Conor and respondent were bound by an estoppel arising from his deed of assignment they could not be heard to deny the validity of the said claims. But the Court of Appeals decided broadly that "this particular estoppel" (i.e., the estoppel enforced against an inventor-assignor) is "merely" an equitable estoppel, and not an estoppel by deed. The Court said (Rec., page 276, line 3).

"This leads to the conclusion that this particular estoppel arises merely from those principles of good faith, the application of which create equitable estoppels. If the inventor sold his invention, receiving a consideration, and either expressly or by implication caused or permitted the vendee to believe that it would get a good title to a monopoly of at least a specified extent or even of an extent to be later determined by the patent office, for him later to deny the existence of the thing he sold and was paid for, would be to have misled the vendee prejudicially; and hence he may not deny. This is the basis upon which this rule has been frequently put either expressly or by assumption.

Considered from this basis, O'Conor is not estopped as to the two claims in suit."

Thereupon the Court of Appeals proceeded to declare claims 11 and 12 invalid in view of the prior art.

The importance of this decision will be appreciated upon consideration of the fact that, if correct, it virtually wipes out the estoppel which has long been generally accepted as binding inventor-assignors, as it leaves the assignor free in every such case to contest the patentability of the assigned invention and the validity of the patent therefor, except in cases where it appears that the assignor has been guilty of such positive bad faith or misrepresentation as to require the application of the doctrine of equitable estoppel. That is to say, the effect of the decision of the Court of Appeals is to wipe out a perfectly clear, definite rule which enables assignors and assignees alike to know precisely what their rights and obligations are; and to substitute therefor a rule which must be in nearly all cases uncertain, indefinite and speculative, and requiring the intervention of the courts to determine its application.

It is to be noted that the decision of the Court of Appeals is not limited to the effect of assignments of applications, but that the Court clearly indicated that in its opinion the estoppel enforced against the assignor of a granted patent was also merely an equitable estoppel and not a definite estoppel arising by virtue of the deed of assignment (Rec., page 275, line 2).

We respectfully submit that this decision results in a distinct diversity of decision between the Sixth Circuit and other circuits, and that it is contrary to the rule which has long been generally accepted and applied by the courts. For example, in the case of *Siemens-Halske Co. vs. Duncan Co.*, 142 Fed. Rep., 157, decided by the U. S. Circuit Court of Appeals for the Seventh Circuit, Duncan, one of the defendants, had assigned to plaintiff two of

the patents in suit and the application for the third patent in suit. The Court held that Duncan was under an estoppel by deed, saying (pages 158, 159) :

"The defendants admit that parties who come into relation with an invention described in a patent, whether by deed or lease or other form of contract, stand on a different footing from that of strangers. They admit that there is some sort of an estoppel, but insist that it does not apply in this case. The contentions may be stated and answered quite summarily.

Granting, they say, that Duncan is estopped from asserting that the claims are void for lack of invention or lack of novelty, he may nevertheless bring in the prior art to limit the claims and thus defeat the suit. Why one defense and not the other? They are of as like blood as brothers. One is somewhat larger than the other, is all. Lack of novelty defeats the complainant's title to the whole of the property within the metes and bounds of the claims. Limitation destroys his title to a part. If a stranger were occupying a part, but not all, of the property described in the deed, he could answer, 'I am not concerned with your title to the residue, but what I am occupying is not yours.' *The contention that Duncan can do likewise brings the estoppel to nothingness.*

When these patents were issued, the public were strangers to the grants. The grant to Duncan was the right to exclude the public from using the inventions described in the claims, subject to the right of the public to strike down, if they could, the claims in whole

or in part. The defendants assert that all that the complainant acquired by the assignment was the franchise to exclude, which had been granted to Duncan. This may be taken as true so far as the rights of strangers are concerned. But Duncan's assignment, in fact and likewise by its very terms, was a conveyance not only of the franchise to exclude strangers, but was also a conveyance of the inventions described in the claims. The right of Duncan to the inventions, if they were inventions, existed prior to, and continued independently of, the issuing of the patents. *Fuller vs. Berger, 120 Fed., 274, 56 C. C. A., 588, 65 L. R. A., 381; Victor Talking Machine Co. vs. The Fair, 123 Fed., 424, 61 C. C. A., 58.* *If, in the face of his sale of the inventions described in the claims, as existent property into the possession of which he purported to induct his grantee, he be permitted to defeat his grantee's right of possession of the whole or a part on the strength of a prior title outstanding at the time of the grant, he would be put on the same footing as a stranger, and the estoppel by deed would again be reduced to nihility.*

The defendants say that it does not appear that Duncan deceived or misled the complainant with respect to the total or partial invalidity of the claims as made in the patents. But the *estoppel relied on is not by conduct, but by deed*—an estoppel that, to be of any appreciable weight or value, must be deemed equivalent to an engagement by the grantor to refrain from using what is described and claimed as his inventions in the patents assigned.

In our judgment the reason of the case leads to the conclusion that, between contracting parties extraneous evidence is inadmissible if there is no ambiguity or uncertainty in the language of the description and claims, and that, if there is uncertainty, outside evidence is admissible only to make clear what the applicant meant to claim and the government to allow, and not for the purpose of showing, even in the slightest degree, that the applicant had no right to claim and that the government was improvident in allowing what was in fact claimed and allowed. And the conclusion accords, we think, with the weight of authority." (Emphasis ours.)

In *Chicago Co. vs. Pressed Steel Car Co.*, 243 Fed. Rep., 883, 887 (7th C. C. A.), which is referred to in a foot note (Rec., page 275) of the Opinion in the instant case, the Court said:

"In this circuit it is settled law that in a suit upon a patent license contract the prior art is not admissible, either to limit the *prima facie* scope of the claims or to show their invalidity. *This statement of the law is based upon the principle of estoppel by contract; estoppel by deed or writing, not by conduct.* *Siemens-Halske Elec. Co. vs. Duncan Elec. Co.*, 142 Fed., 157, 73 C. C. A., 375. The rule in this circuit was first stated in 1886 by Judge Blodgett, in *Pope Mfg. Co. vs. Owsley* (C. C.), 27 Fed., 100, and the latest case in this Court is *Indiana Mfg. Co. vs. J. I. Case Threshing Machine Co.*, 154 Fed., 365, 83 C. C. A., 343, although others recognize the rule, such as

Macey Co. vs. Globe-Wernicke Co., 180 Fed., 401, 103 C. C. A., 547." (Emphasis ours.)

In the following authorities and many others the rule is repeatedly stated that a patentee-asignor is estopped to deny, as against his assignee, the validity of the assigned patent.

Kinsman vs. Parkhurst, 18 Howard, 289, 293;
Faulks vs. Kamp, 3 Fed. Rep., 898;
Consolidated Co. vs. Guilder, 9 Fed. Rep., 155;
Time Telegraph Co. vs. Himmer, 19 Fed. Rep., 322;
Underwood vs. Warren, 21 Fed. Rep., 573;
Parker vs. McKee, 24 Fed. Rep., 808;
Am. Paper Barrel Co. vs. Laraway, 28 Fed. Rep., 141;
Burdsall vs. Curran, 31 Fed. Rep., 918;
Adee vs. Thomas, 41 Fed. Rep., 342;
Corbin Co. vs. Yale & Towne Co., 58 Fed. Rep., 563;
Woodward vs. Boston Co., 60 Fed. Rep., 283;
Babcock vs. Clarkson, 63 Fed. Rep., 607;
Western Co. vs. Stromberg, 66 Fed. Rep., 550;
Martin & Hill vs. Martin, 67 Fed. Rep., 786;
National Conduit Co. vs. Connecticut Co., 73 F. R., 491;
Missouri Co. vs. Stempel, 75 Fed. Rep., 583;
Daniel vs. Miller, 81 Fed. Rep., 1000;
Griffith vs. Shaw, 89 Fed. Rep., 313;

Alvin Co. vs. Scharling, 100 Fed. Rep., 87;
Frank vs. Bernard, 131 Fed. Rep., 269.
Hopkins on Patents, Vol. 1, page 461;
Walker on Patents, 5th Ed., Sec. 469.

So far as we are aware, this Court has not passed upon the question involved; although in respect of written licenses under patent applications, it has adopted and applied a rigorous estoppel that seems to be based upon the theory for which we contend—i. e., by deed, not *in pais*.

Eclipse Co. vs. Farrow, 199 U. S., 581, 587;
U. S. vs. Harvey Steel Co., 196 U. S., 310,
315-16.

We therefore respectfully pray for the allowance of the foregoing petition, in order that this Honorable Court may resolve the confusion and compose the diversity of decision which exist under the present circumstances.

Respectfully,

DRURY W. COOPER,
JOHN C. KERR.

New York, N. Y., June 30, 1923.

SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, 1923.

WESTINGHOUSE ELECTRIC & MAN-
UFACTURING COMPANY,
Petitioner,

vs.

No.

THE FORMICA INSULATION COM-
PANY,
Respondent.

Notice.

To the Formica Insulation Company or its attorneys:

Please take notice that upon a certified copy of the transcript of record herein, we shall present the foregoing petition for writ of certiorari before the Supreme Court of the United States, at the Capitol in the City of Washington, District of Columbia, on Monday, the 1st day of October, 1923, at the opening of court on that day, or as soon thereafter as counsel can be heard; and that we shall then and there move for such other and further relief in the premises as may be just.

DRURY W. COOPER,
JOHN C. KERR,
Attorneys for Petitioner.

New York, N. Y., June 30, 1923.

To

**J. EDGAR BULL, Esq.,
141 Broadway,
New York, N. Y.**

**JOHN H. LEE, Esq.,
Marquette Building,
Chicago, Ill.,
Attorneys for Respondent.**

Due service of the foregoing notice, petition and
brief is hereby admitted the day of ,
1923.

Attorney for Respondent.

APPENDIX.

No. 3717.

UNITED STATES CIRCUIT COURT OF
APPEALS,

SIXTH CIRCUIT.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY,
Appellant,
vs.
THE FORMICA INSULATION COMPANY,
Appellee.

Appeal from
the District
Court for the
Southern Dis-
trict of Ohio,
Western Di-
vision.

Submitted December 12, 1922.

Decided April 3, 1923.

Before KNAPPEN, DENISON and DONAHUE, Circuit Judges.

DENISON, Circuit Judge: The appellant brought in the District Court the usual infringement suit upon claims 11 and 12 of patent No. 1284432, issued November 12, 1918, to O'Connor, on an application filed February 1, 1913, covering a process for making composite materials. The two claims are alike save that claim 12 calls for "a phenolic condensation product," while claim 11 more broadly reaches in the same association any suitable ad-

hesive substance. Claim 12 is given in the margin.¹

In the court below the defenses were that these claims were invalid, or that if valid, they must be so narrowly construed that there was no infringement, and that there had been laches sufficient to bar the maintenance of the suit.

In reply plaintiff urged that the broad construction indicating infringement was the right one and that the defendant was estopped to dispute validity. The District Court sustained the defense of laches, and the other questions were not passed upon.

We cannot uphold this defense. The suit was commenced within two years after the patent issued, when, if ever, plaintiff first acquired any right or cause of action, and there is no suggestion that defendant changed its position during that period. Even that delay is explained by the pendency of another suit between the same parties, directed against the same product, and which, if successful, would have made this suit probably unnecessary. Defendant's real complaint goes further back. It or its predecessors began the infringing business in 1913, and continued it, with the knowledge of the plaintiff and without express notice to desist, from that time until this suit was brought in 1920. During this period defendant built up a large business and doubtless made large investments, based in a substantial degree upon the manufacture of the infringing articles and the expectation of continuing that manufacture. The

¹ 12. The process of manufacturing a nonplaniform article which consists in superposing a plurality of layers of fibrous material associated with a phenolic condensation product and molding the superposed layers by means of a form of the proper shape while applying pressure and heat to compact and harden the materials.

application, as filed in 1913, was repeatedly rejected and amended, and was prosecuted with reasonable diligence during the last two years, but for the first three years of the application period, the plaintiff was only as diligent as the law required, and delayed its successive actions for the full period. It is, hence, probably true that the application was pending two or three years longer than it would have been if plaintiff had, in every instance, acted as promptly as possible. Even if, under such circumstances, a defendant who had had no knowledge of the pending application could escape an injunction on final hearing (and, as to this, we intimate no opinion), this defendant can claim no such standing. The inventor himself had been active from the beginning in the infringement, either as one of the partnership associates at the outset, or as an active and important officer of the later organized corporate defendant. The defendant and its predecessors were clearly chargeable with his knowledge. He knew that when the infringement began, this application had been filed and assigned to plaintiff, with claims broad enough to reach defendant's article, and he never had reason to suppose that the application had been finally rejected. We cannot see that defendant has any right to say it was misled either by action or by silence. To predicate fatal laches upon silence before the patent issued would be to stand on an unsafe basis. The situation is not, we think, fairly analogous to that in *Lane Co. vs. Locke*, 150 U. S., 193, 200.

As to the breadth of the claims: Other claims of the patent refer to what is called the two-step process and require that the sheets or layers should be first heated and pressed to secure unity of com-

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position, then subjected to a further and different heat or pressure, or both, to make permanent the desired shape of the article. The utter omission of any reference to or implication of the two-step process in claims 11 and 12, and their entire dependence upon the single step recited, is convincing evidence that there was no intent to have these claims limited to the two-step process; and this conclusion is compelled, even though it is true that their difference in this respect from the other claims is not the sole manner in which they are distinguished therefrom. In many cases, perhaps usually, claim differentiation is not sufficient to compel the broader construction of one of the claims if there are differences in other respects; but in this case, the omission of the two-step limitation is so plainly intentional that we cannot neutralize it by a counter-inference which is at best uncertain. These two claims are within the rule that an unambiguous claim cannot prevail over an apparent anticipation by reading a limitation into it. If these claims are not thus limited, infringement is conceded; and the issue of validity must therefore be decided; but plaintiff would escape that issue by reliance on O'Connor's estoppel. We think he was not estopped. This question justifies an inquiry into the basis of the estoppel enforced against the patentee assignor. The rule itself has become one of general acceptance, but our attention has not been directed to any satisfactory consideration of its basis or theory; and perhaps for this reason there has been much confusion in its application.

Estoppels forbid one to speak the truth, and hence technical estoppels are not favored. Omit-

ting those by record, they are two kinds, by deed and *in pais*. On a somewhat exhaustive search we find no considered opinion holding that the estoppel of a patent grantor arises by deed;² nor is there clear reason for such conclusion. An assignment of patent need not be in writing at all, as between the parties; but, if it is, the common form contains no covenants of warranty. It sells and assigns "all my right, title and interest in and to the said invention and patent." There is close analogy to a quit-claim; at the most, it may be, the implication is of good title to the grant and not that the grant is good; with real estate, a conveyance from the sovereign gives good title to the land, and so title to the grant and title to the land are inseparable; not so as to patents, for the grant of the monopoly is always defensible by third parties, and the title to the grant may be immaterial;—but even if the transfer of an existing grant of monopoly may create an estoppel by deed forbidding the grantor to deny the validity of the grant, this theory is inapplicable to the transfer of the inchoate right suggested by a pending application. By the common form of transfer the grantor in effect says: "Here is my device; I do not know whether it is patentable, or if it is, how broadly; take it, prosecute the patent application and get what you can." The formulation of the grant may be, and was here, delayed for years after the inventor's connection with the matter ceased, and the patent may be issued with broad claims which the inventor never made and which he knew were

² Assumptions, without discussion, that the estoppel is of this character have been made, e. g. *Chicago Co. vs. Pressed Steel Co.*—C. C. A. 7—243 Fed., 883, 887; Walker, Sec. 469.

not his invention. Manifestly, as we think, the theory of estoppel by deed is untenable.⁸

This leads to the conclusion that this particular estoppel arises merely from those principles of good faith, the application of which create equitable estoppels. If the inventor sold his invention, receiving a consideration, and either expressly or by implication caused or permitted the vendee to believe that it would get a good title to a monopoly of at least a specified extent or even of an extent to be later determined by the patent office, for him later to deny the existence of the thing he sold and was paid for, would be to have misled the vendee prejudicially; and hence he may not deny. This is the basis upon which this rule has been frequently put either expressly or by assumption.⁹

Considered from this basis, O'Connor is not estopped as to the two claims in suit. It is not controlling that the only consideration he received was his salary as an employe, for, if it was part of the contract of employment that he should assign his inventions, the salary was ample consideration for applying as complete an estoppel as the other facts justified; and, even though the employer paid nothing more than it would have paid anyway, and was not in this particular misled to its prejudice,

⁸ In *Siemens Co. vs. Duncan Co.*, *supra*, it was found that Duncan had represented that he was entitled to, and had sold and conveyed the right to, the precise monopoly covered by the claim sued upon; from this basis, an estoppel followed of necessity; the name of it was not important.

⁹ *Babcock vs. Clarkson*—C. C. A. 1—63 Fed., 607; *Onderdonk vs. Fanning*, 4 Fed., 148, 150; *Consolidated Co. vs. Guilder*, 9 Fed., 155, 156; *Time Co. vs. Himmer*, 19 Fed., 822, 823; *Woodward vs. Boston Co.*, 60 Fed., 283, 284; *Nat'l. Co. vs. Connecticut Co.*, 73 Fed., 491, 493.

yet it undertook and expended the effort and money necessary to get the patent and it may be presumed to have conducted its business thereafter on the faith of whatever representations were made to it. Hence the element of prejudice sufficiently appears.

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Also it may be granted that these two claims were properly readable upon the specification and drawings of the application signed by O'Connor,—that is to say, in the language of the patent office, that he had the right to make these claims. Nevertheless they expressed a conception of the invention which rested solely on the "non-planiform" shape of the article and was in this respect broader than any claim which O'Connor had drafted, and if the prior Baekeland patent had been known to O'Connor as it became known to his assignees when it later compelled them to abandon the original broad claims, he probably never would have claimed as his the invention thus formulated. The record does not support the inference that O'Connor either expressly or impliedly represented to the Westinghouse Company that he was the inventor of the process defined in these two claims; and hence the claim of estoppel must fail.

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Coming directly to the question of validity, and giving these claims the broad construction reaching the one-step process, and necessary in order to make out an infringement, it is entirely clear that there is no creative virtue in the mere "non-planiform" thought, and hence that they are not patentable over Baekeland. Indeed, no argument to the contrary is made by counsel.

The decree below dismissing the bill is affirmed.